

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the First Quarter ended 31 March 2021**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 31 March 2021**

	Note	As at 31 March 2021 RM'000	Audited As at 31 December 2020 RM'000
<u>ASSETS</u>			
Property, plant and equipment		343,602	335,332
Right-of-use assets		42,787	42,896
Investment properties		40,858	41,265
Deferred tax assets		5,748	6,588
Total non-current assets		432,995	426,081
Inventories		412,550	445,829
Receivables, deposits and prepayments		364,288	370,275
Assets held for sale		163	-
Current tax assets		485	774
Cash and bank balances		128,593	99,368
Total current assets		906,079	916,246
TOTAL ASSETS		1,339,074	1,342,327
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		442,715	421,923
Total equity attributable to Owners of the Company		712,649	691,857
Non-controlling interests		19,602	19,102
TOTAL EQUITY		732,251	710,959
<u>LIABILITIES</u>			
Loans and borrowings	B7	50,837	54,872
Lease liabilities		543	483
Deferred tax liabilities		12,684	12,620
Total non-current liabilities		64,064	67,975
Payables and accruals		92,753	93,722
Loans and borrowings	B7	438,909	463,120
Lease liabilities		92	68
Current tax liabilities		11,005	6,483
Total current liabilities		542,759	563,393
TOTAL LIABILITIES		606,823	631,368
TOTAL EQUITY AND LIABILITIES		1,339,074	1,342,327
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.65	1.60

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 31 March 2021**

	Note	Individual quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue		324,651	243,545	324,651	243,545
Cost of sales		(269,623)	(211,474)	(269,623)	(211,474)
Gross profit		55,028	32,071	55,028	32,071
Administrative expenses		(13,048)	(13,611)	(13,048)	(13,611)
Distribution costs		(9,443)	(9,389)	(9,443)	(9,389)
Net loss on impairment of financial instruments		(30)	(124)	(30)	(124)
Other operating expenses		(100)	(3)	(100)	(3)
Other operating income		400	543	400	543
Operating profit		32,807	9,487	32,807	9,487
Finance costs		(4,046)	(5,310)	(4,046)	(5,310)
Finance income		407	562	407	562
Profit before tax	B11	29,168	4,739	29,168	4,739
Tax expense	B5	(7,789)	(2,413)	(7,789)	(2,413)
Profit and total comprehensive income for the financial period		21,379	2,326	21,379	2,326
Profit/(Loss) attributable to:					
Owners of the Company		20,792	2,460	20,792	2,460
Non-controlling interests		587	(134)	587	(134)
Profit for the financial period		21,379	2,326	21,379	2,326
Total comprehensive income/(loss) attributable to:					
Owners of the Company		20,792	2,460	20,792	2,460
Non-controlling interests		587	(134)	587	(134)
Profit and total comprehensive income for the financial period		21,379	2,326	21,379	2,326
Basic and diluted earnings per ordinary shares (sen)	B10	4.77	0.56	4.77	0.56

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 31 March 2021**

	/-----Attributable to owners of the Company-----/				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2021	269,934	(85)	(5,928)	427,936	691,857	19,102	710,959
Profit and total comprehensive income for the financial period	-	-	-	20,792	20,792	587	21,379
Dividends to non-controlling interests	-	-	-	-	-	(87)	(87)
At 31 March 2021	269,934	(85)	(5,928)	448,728	712,649	19,602	732,251
At 1 January 2020	269,934	(85)	(4,948)	415,248	680,149	18,585	698,734
Profit/(Loss) and total comprehensive income/(loss) for the financial period	-	-	-	2,460	2,460	(134)	2,326
At 31 March 2020	269,934	(85)	(4,948)	417,708	682,609	18,451	701,060

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2021**

	3 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	29,168	4,739
<i>Adjustments for:</i>		
Depreciation of:		
- investment properties	244	242
- property, plant and equipment	5,480	5,593
- right-of-use assets	229	226
Finance costs	4,046	5,310
Finance income	(407)	(562)
Gain on disposal of property, plant and equipment	(30)	(331)
Inventories written down	1,530	1,270
Net loss on impairment of financial instrument	30	124
Plant and equipment written off	96	-
	<hr/>	<hr/>
Operating profit before changes in working capital	40,386	16,611
Changes in:		
Inventories	31,980	16,140
Receivables, deposits and prepayments	5,957	(7,520)
Payables and accruals	(969)	(9,461)
	<hr/>	<hr/>
Cash generated from operations	77,354	15,770
Interest paid	(217)	(683)
Net tax paid	(2,074)	(1,812)
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Net cash from operating activities	75,063	13,275
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Cash flows from investing activities		
Acquisition of property, plant and equipment	(13,750)	(1,854)
Increased of pledged deposit placed with a licensed bank	(600)	-
Interest received	407	562
Proceeds from disposal of property, plant and equipment	30	556
	<hr/>	<hr/>
Net cash used in investing activities	(13,913)	(736)
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Cash flows from financing activities		
Dividends paid to non-controlling interest	(87)	-
Interest paid	(4,156)	(5,106)
Net (repayment of)/proceeds from other borrowings	(7,665)	3,496
Net repayment of revolving credit	(11,100)	(1,189)
Payment of lease liabilities	(36)	(32)
Repayment of:		
- hire purchase liabilities	(205)	(706)
- term loans	(4,401)	(10,353)
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Net cash used in financing activities	(27,650)	(13,890)
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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2021**

	3 months ended 31 March	
	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents	33,500	(1,351)
Cash and cash equivalents at the beginning of financial period	88,397	38,370
Cash and cash equivalents at the end of financial period	<u>121,897</u>	<u>37,019</u>

Note:*Cash and cash equivalents comprise:*

	As at 31 March	
	2021 RM'000	2020 RM'000
Cash and bank balances	42,630	29,311
Deposits placed with licensed banks	36,696	3,749
Highly liquid investments with other institutions	49,267	34,435
	128,593	67,495
Less:		
Deposit pledged	(600)	-
Bank overdrafts	(6,096)	(30,476)
	<u>121,897</u>	<u>37,019</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report for the financial quarter ended 31 March 2021

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the financial statements of the Group for the financial year ended 31 December 2020 except for the following:

Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 31 March 2021, the Group adopted the following standards, amendments and interpretations that effective for annual periods beginning on or after 1 June 2020 and 1 January 2021 to its financial statement, except for amendments to MFRS 4 which is not applicable to the Group:

- Amendments to MFRS 16, *Leases – Covid-19 - Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The above applicable amendments are expected to have no significant impact on the financial statements of the Group upon their initial application.

A2. Qualification of Audit Report

The audit report of the Group’s preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter and financial year-to-date except for the factors as disclosed under note B1.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2020.

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A6. Debt and Equity Securities

On 27 May 2021, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twentieth Annual General Meeting held on even-date.

As at 31 March 2021, the Company held a total of 6,976,200 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

There were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.

The reportable segment information for the financial period ended 31 March 2021 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	173,730	143,563	6,664	694	324,651
Inter segment revenue	10,387	57,119	80	-	67,586
Total reportable revenue	184,117	200,682	6,744	694	392,237
Reportable segment profit/(loss)*	15,254	24,280	(52)	(398)	39,084
Reportable segment assets	495,403	574,768	162,991	83,400	1,316,562
Reportable segment liabilities	(260,669)	(298,384)	(22,655)	(24,465)	(606,173)

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Reconciliation of reportable segment profit or loss for the financial period ended 31 March 2021

	RM'000
Total profit for reportable segments	39,084
Other non-reportable segment loss	(338)
Elimination of inter-segment transactions	14
Depreciation	(5,953)
Finance costs	(4,046)
Finance income	407
Consolidated profit before tax	29,168

* Refer to profit before interest, tax and depreciation.

A9. Subsequent events

There were no other material subsequent events since the end of the date of the last annual reporting period until 20 May 2021, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial period under review.

A10. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

A11. Contingent liabilities

As at the end of the current financial quarter, the contingent liabilities of the Company as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	31 March 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	489,460	517,585
- suppliers for credit facilities granted to its subsidiaries	9,362	6,633
	<u>498,822</u>	<u>524,218</u>

B. Compliance with Bursa Malaysia Main Market Listing Requirements (Part A of Appendix 9B)**B1. Review of performance**

	3 months ended 31 March	
	2021 RM'000	2020 RM'000
Revenue	324,651	243,545
Segment profit	38,746	15,545
Profit before tax	29,168	4,739
Profit after tax	21,379	2,326
Profit attributable to Owners of the Company	20,792	2,460

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The net revenue and profit before tax for 2021 was higher than the preceding year corresponding period mainly due to the increase in market demand for most of its metal-related trading products and manufactured steel products, and better yield in tandem with the increase in international and domestic metal prices. The lower contribution in 2020 was affected by the total business closure from 18 March 2020 onwards resulted from the implementation of the first Movement Control Order (“MCO”).

On the financial position review for the the three months ended 31 March 2021, the Group’s equity attributable to owners of the Company increased by 3.0% from RM691.9 million as of 31 December 2020 to RM712.6 million as of 31 March 2021 mainly due to the increased retained earnings. Consequently, the net assets per share of the Group increased from RM1.60 as of 31 December 2020 to RM1.65 as of 31 March 2021. The Group has been vigilant on credit control, inventories and cash flow management given the challenging market environment arising from the COVID-19 pandemic. This has led to an improved in net gearing ratio of 0.59 times as of 31 December 2020 to 0.49 times as of 31 March 2021.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM173.7 million in 2021, representing an increase of 14.3% as compared to 2020 and contributed 53.5% of the Group’s net revenue. The segment profit and profit before tax of RM15.3 million and RM12.4 million respectively, representing an increase of 60.8% and 100.8% respectively as compared to 2020. The segment accounted for 39.4% of the Group’s segment profit and 42.4% of the Group’s profit before tax. The increase in revenue and profit before tax was mainly due to the increase in market demand for most of its metal-related trading products and better yield in tandem with the increase in international and domestic metal prices. The lower contribution in 2020 was affected by the business closure from 18 March 2020 onwards resulted from the implementation of the MCO.

Manufacturing segment

The manufacturing segment recorded a net revenue of RM143.6 million in 2020, representing an increase of 63.0% as compared to 2020 and contributed 44.2% of the Group’s net revenue. Consequently, the segment recorded a surge in segment profit and profit before tax in 2021 of RM24.3 million (2020: RM7.5 million) and RM19.3 million (2020: RM1.9 million). The segment accounted for 62.7% of the Group’s segment profit and 66.2% of the Group’s profit before tax. The surge in revenue and profit before tax was mainly due to the increase in market demand for most of its manufactured steel products in tandem with the increase in domestic steel prices, and better cost management from higher production output. The lower contribution in 2020 was affected by the business closure from 18 March 2020 onwards resulted from the implementation of the MCO.

Property development segment

The segment recorded improvement in net revenue of RM6.7 million (2020: RM2.0 million) and contributed 2.1% to the Group’s net revenue. The revenue was mainly contributed by its Amanja project in Kepong. The total residential units sold as of 31 March 2021 for Amanja project stood at 86.2% (2020: 77.2%).

The segment registered a lower loss before tax of RM0.1 million (2020: RM0.6 million) mainly due the decrease in recurring operating costs to maintain lesser unsold property stocks which are located in Kepong and Selayang.

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Hospitality segment

The segment recorded a decrease in net revenue of RM0.7 million (2020: RM1.5 million) arising from the lower average occupancy rate which stood at 25.2% from the remaining two operating hotels as compared to 33.2% in 2020 from all three operating hotels. The division was adversely impacted by the international and domestic travel restrictions in response to the COVID-19 pandemic and the business closure including the Meetings, Incentives, Conventions and Exhibitions (“MICE”) sector arising from the implementations of the MCO 1.0 from 18 March 2020 onwards and the re-introduction of second MCO (“MCO 2.0”) in Selangor, Kuala Lumpur and Putrajaya from 13 January 2021 to 5 March 2021.

The segment closed its hotel operations at Ibis Styles hotel located at Bandar Sri Damansara since May 2020 to curtail further operating loss and this has resulted in the segment registering a lower loss before tax of RM1.7 million (2020: RM2.3 million) which included borrowing cost and depreciation totalling RM1.3 million (2020: RM1.4 million).

B2. Comparison with preceding financial quarter’s results

	3 months ended	
	31/3/21	31/12/20
	RM’000	RM’000
Revenue	324,651	318,499
Profit before tax	29,168	16,975

The increase in revenue and profit before tax as compared to the preceding quarter ended 31 December 2020 was mainly due to the increase in market demand for certain manufactured steel products and better yield arising from the increase in international and domestic metal prices.

B3. Prospects

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance for electrical and electronics sector. Growth was also supported by the continued policy measures. The imposition of the MCO 2.0 and the continued closure of international borders and restrictions on inter-state travel weighed on the economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector expenditure and strong exports. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%). Despite the recent re-imposition of containment measures, the impact on growth is expected to be less severe than that experienced in 2020 as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors although most economic activity is allowed to operate under MCO 2.0 and now extended to the MCO 3.0. Going forward, Malaysia is well positioned to continue benefitting from stronger global economic and trade activities. Malaysia remains on track to achieve projected growth of 6.0% to 7.5% in 2021 supported by stronger external demand and recovery in domestic conditions, continued targeted policy support and continuation of large infrastructure projects such as the East Coast Railway Line, Mass Rail Transit 2, Light Rail Transit 3, Pan Borneo Highway, Jalanan Digital Negara (“JENDELA”) etc. (*Source: Economic and Financial Developments in Malaysia in the 1st Quarter of 2021*)

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The above uncertainties in local and global economic outlook will provide a challenging platform for our existing businesses in all segments which focus mainly on domestic market. The performance of the Group will be further affected by factors such as the recovery of domestic demand, the volatility in the international and domestic metal prices and the timely implementation of projects in the construction, utilities, infrastructure and property development sectors. Notwithstanding this, the wholesale and distribution segment will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing segment will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The property development segment will focus on selling its remaining unsold residential and commercial properties in Kepong and Selayang, and explore property development opportunities on its existing land bank. The re-introduction of MCO 3.0 in six districts in Selangor from 6 May 2021 to 17 May 2021 and thereafter extended to nationwide MCO 3.0 from 12 May 2021 to 7 June 2021 which, amongst others, imposes inter-district and inter-state travel ban and prohibits MICE activities have put a dampening effect on the hospitality industry which has been adversely affected by the COVID-19 pandemic.

The performance of the Group remains challenging during the year which is dependent on the domestic demand and global economic environment.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

B5. Tax expense

	Individual quarter 3 months ended 31/3/21 RM'000	Cumulative quarter 3 months ended 31/3/21 RM'000
Income tax expense		
- current financial year	6,963	6,963
- over provision in prior financial year	(74)	(74)
Deferred tax expense		
- origination and reversal of temporary differences	900	900
	<hr/> 7,789	<hr/> 7,789
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	7,000	7,000
Non-deductible expenses	962	962
Income not subjected to tax	(27)	(27)
Utilisation of previously unrecognised deferred tax benefits	(72)	(72)
Over provision in prior financial year	(74)	(74)
	<hr/> <hr/> 7,789	<hr/> <hr/> 7,789

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B6. Status of Corporate Proposals Announced

Proposed Rights Issue of Warrants

On 25 February 2021, the Company had announced the proposed renounceable rights issue of up to 110,829,825 new warrants on the basis of one (1) warrant for every four (4) existing ordinary shares held on an entitlement date to be determined at a later date (“Entitlement Date”) (the “Proposal”).

On 25 March 2021, the Company had submitted the application pursuant to the Proposal to Bursa Malaysia and the approval was obtained on 21 April 2021. On 27 May 2021, the shareholders of the Company granted their approval for the Company’s Proposal at the Extraordinary General Meeting held on even-date. The issue and exercise price of the new warrants will be determined and fixed by the Board at the Entitlement Date to be announced later.

Other than the above, there were no other corporate proposals announced but not completed for the financial period under review.

B7. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2021 were as follows:

	Secured RM’000	Unsecured RM’000	Total RM’000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	149	-	149
Term loans	50,688	-	50,688
	<u>50,837</u>	<u>-</u>	<u>50,837</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	1,573	4,523	6,096
Hire purchase liabilities	432	-	432
Revolving credit	-	38,257	38,257
Bankers’ acceptances	57,300	320,636	377,936
Term loans	16,188	-	16,188
	<u>75,493</u>	<u>363,416</u>	<u>438,909</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 20 May 2021, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 31 March 2021.

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B10. Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share for the current financial quarter ended 31 March 2021 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2021	2020	2021	2020
Profit attributable to owners of the Company (RM'000)	20,792	2,460	20,792	2,460
<i>Weighted average number of ordinary shares ('000)</i>				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	(6,976)	(5,037)	(6,976)	(5,037)
Weighted average number of ordinary shares as at 31 March	436,343	438,282	436,343	438,282
Basic and diluted earning per ordinary share (sen)	4.77	0.56	4.77	0.56

B11. Profit before tax

	Individual quarter 3 months ended 31/3/21 RM'000	Cumulative quarter 3 months ended 31/3/21 RM'000
Profit before tax is arrived at after charging:		
Depreciation of:		
- investment properties	244	244
- property, plant and equipment	5,480	5,480
- right-of-use assets	229	229
Finance costs	4,046	4,046
Inventories written down	1,530	1,530
Net loss on impairment of financial instrument		
- trade receivables	30	30
Plant and equipment written off	96	96
and after crediting:		
Gain on disposal of property, plant and equipment	30	30
Finance income	407	407
Realised gain on foreign exchange, net	23	23
Rental income on land and buildings	189	189
	=====	=====

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B12. Capital commitment

	31 March 2021 RM'000
Property, plant and equipment	
Authorised but not contracted for	15,927
Contracted but not provided for	6,159
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	22,086
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B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 31 March 2021 were as follows:

	RM'000
Sales	(2,353)
Purchases	2,811
Rental income	(18)
Expenses relating to short-term leases	394
Consultancy fee expenses	164
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These transactions have been entered into in the normal course of business and have been established under negotiated term.

B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	31 March 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	64,065	80,448
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	1,182	88
	<hr/>	<hr/>
	65,247	80,536
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The above financial assistance does not have a material financial impact on the Group.